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ARIZONA LABOR MARKET INFORMATION NEWSLETTER

Vol. IX No. 2
February 1985

Unemployment Rate

Seasonally Adjusted
December*

ARIZONA	4.5%
Maricopa Co.	3.4%
Pima Co.	4.1%
UNITED STATES	7.2%

Consumer Price Index

National-November
1967 - Base Year

Wage Earner/Clerical Worker -	311.9
% Chg. Yr. Ago	3.5
All Urban -	315.3
% Chg. Yr. Ago	4.0

Phoenix-4th Qtr.
1977 - Base Year

All Urban -	184.4
% Chg. Yr. Ago	5.9

Producer Price Index

National-December*
1967 - Base Year

All Commodities-	309.9
% Chg. Yr. Ago	1.2
Finished Goods -	292.4
% Chg. Yr. Ago	1.8

* Preliminary

COUNTY PLANNING PRODUCES RESULTS

A remarkable metamorphosis is taking place in Arizona occupational education as a direct result of countywide planning processes mandated by the Arizona Legislature. County planning groups studied employer needs and economic development in their counties, inventoried occupational training programs countywide and identified opportunities to work cooperatively. High schools and community colleges are sharing facilities, equipment and instructors to avoid duplication and offer training more cost-effectively. High school and community college teachers are developing common occupational course competencies to enable students to continue their educations without repeating major course content.

These and many other activities are occurring as a direct result of Senate Bill 1106, the Arizona Vocational Education Act of 1982. The Arizona Legislature directed community college districts to form and coordinate the activities of county planning groups. The planning groups were to determine labor market needs, assess training programs, develop guidelines for student transferability, identify opportunities to work cooperatively and eliminate duplication, and develop methods of determining funding priorities. Five-year and annual plans were to be developed for use as local management tools.

Only Maricopa and Pima counties were required by the legislation to form countywide planning groups involving secondary schools, community colleges, proprietary schools, employment and training providers and business/industry. Nevertheless, every

Table of Contents

County Planning Produces Results . . . 1
Arizona UI Activities, November 1984 . 3
Cafeteria Benefits -- Meeting Individual and Organizational Needs. 4
Arizona Labor Force Statistics 8
Estimated Hours and Earnings, December 1984. 10
Arizona Labor Force in December 1984 . 12
AFDC in Arizona: How Do We Compare? 13
New Developments 14

JoAnn H. Wilson, editor

county formed or joined a county planning group. Currently, 10 planning groups composed of 14 of the state's 15 counties are operational. Over 400 people participated in county planning or its related activities during 1984. The planning groups completed vocational education county plans and made remarkable progress in implementing their 1984 objectives.

For example, administrators are taking the labor market information received in the planning groups back to their own institutions to use for internal planning and to share with faculty and counselors.

Secondly, Arizona's community colleges and high schools are working together to mesh their programs so that students can continue their educations without repeating major course content. Faculty members from the participating institutions meet several times to develop a common set of competencies for corresponding courses. This will facilitate student transfers and advanced placements.

One of the most exciting outcomes of countywide planning is the upswing in the number of cooperative ventures triggered by the planning efforts. Participants found many ways to pool their resources by sharing facilities, equipment and instructors; cooperatively offering workshops and projects and by cooperating with business/industry to meet training needs. The following examples are representative of the kinds of cooperative efforts that are occurring.

- Both high school and community college students are attending occupational classes at the Deer Valley Vocational Center taught by Glendale Community College faculty. Equipment from both institutions was pooled for instructional purposes.

- The casino industry's needs for more electronic gaming equipment repairers is being met as a result of a cooperative project in Mohave County. The casinos trained and hired the workers. Two firms loaned gaming equipment and a casino provided the use of a room to simulate the gaming industry. Mohave Community College, Mohave Educational Services Cooperative, the Arizona Department of Economic Security, the Arizona Department of Education and the Arizona Center for Vocational Education all provided resources or made other contributions to the project.

- An in-class survey of nearly 5,000 students enrolled in secondary and postsecondary vocational courses was conducted by a Pima/Santa Cruz planning

council subcommittee. Its objectives were to determine why the students were enrolled in their respective courses, how many were seeking employment and how they evaluated their courses. The subcommittee will be conducting a follow-up study to determine what happens to these students after they leave school.

Yavapai College and Prescott High School formed a joint business/education advisory council.

- Planning group coordinators and/or group members in several counties (Coconino, Cochise, Maricopa, Mohave, Pima, Santa Cruz and Yuma) participated in local economic development activities.

- Central Arizona College and Apache Junction schools are sharing computer hardware and software.

- Several community college districts provide training for Job Training Partnership Act (JTPA) clients and dislocated workers. Some secondary districts also conduct JTPA training.

- Apache County secondary administrators planned and conducted a two-day in-service training program for their school administrators and vocational teachers.

- Program evaluations were conducted in Coconino County secondary school districts by evaluation teams consisting of local business/industry representatives and educators. Feedback was provided to school administrators and vocational teachers.

This planning process has taken place without additional financial resources and incentives. Participants have used their present resources to cover the travel expenses, time away from regular duties, hiring of substitute teachers and coordination activities.

Nevertheless, the planning participants believe that the cooperative working relationships fostered by the planning process between secondary and postsecondary training providers, between business/industry and educators and between public institutions and proprietary schools have been beneficial and well worth the effort.

Carol LeBlanc
Statewide Coordinator
Occupational Planning

NEW LMI PUBLICATION

The Labor Market Information Directory is a guide to the wide array of socioeconomic, employment and training, and job search information available through Arizona's LMI program. Also included is a listing of other sources of socioeconomic information, both public and private. The materials are arranged alphabetically, and include a general description, geographic coverage and frequency of issue or revision. Single copies of this publication may be obtained by writing: Labor Market Information Publications -- 733A, P.O. Box 6123, Phoenix, Arizona 85005. Multiple copies may be purchased for the cost of the printing.

ARIZONA UNEMPLOYMENT INSURANCE ACTIVITIES - NOVEMBER 1984

	November 1984	October 1984	November 1983	% Change From One Year Ago
Arizona Claimants Served*	22,155	21,848	32,963	-32.8%
Arizona Average Weeks Unemployed**	8.7	10.7	9.9	-12.1%
Arizona Benefits Paid*	$ 7,274,043	$ 7,141,414	$ 10,677,360	-31.9%
Arizona Trust Fund Balance	$242,875,074	$236,849,244	$173,108,109	+40.3%

*All Programs **UI Only

CAFETERIA BENEFITS -- MEETING INDIVIDUAL AND ORGANIZATIONAL NEEDS

Benefits should do just that -- benefit the employee. But traditional fringe benefit programs are designed without regard to individual employee needs. This wastes money for the employer and fails to bring the maximum employee satisfaction and morale for which a benefits package is designed. The solution is a flexible benefits program that allows employees to design their own personalized benefit program.

The Maricopa Community College system has become a leader in the implementation of a flexible or "cafeteria" benefit plan. Introduced over two years ago, the Flex Benefit plan of the Maricopa Community Colleges has been developed through maximum employee participation and is an essential part of the Human Resources program.

SOME STATISTICS ABOUT THE MARICOPA COMMUNITY COLLEGES

Established in 1962, the Maricopa Community College District is the nation's third largest community college system and the largest higher educational institution in the state of Arizona. The seven independently accredited two-year colleges serve more than 68,000 students in credit courses and an additional 55,000 in non-credit courses. The college work force is made up of almost 2,000 full-time employees including 780 residential faculty. Another 1,800 professionals and specialists serve as visiting faculty, teaching part-time during the day, evening and weekends. Eighty percent of the budget at the Maricopa Community Colleges is allocated for human resources.

Innovative human resource programs have been developed by the Maricopa Community Colleges to meet the needs of this diverse work force. From a flexible benefit plan to phased and early retirement to an employee assistance program, Maricopa is constantly on the lookout for new ideas which will allow employees flexibility and provide a more satisfying work environment. By moving beyond the bounds of the conventional, Maricopa has maintained and enhanced organizational vitality. The perception of employee benefits has expanded to include programs in career planning, personal assistance, wellness and a range of other activities that private industry has long recognized as necessary for maximum productivity. The philosophy at Maricopa is that the institution must respond to a continually changing environment and this can only be accomplished through employee input into the planning of new human resource programs. The real success behind human resources programs is that they are employee-driven, or designed and implemented by employees themselves.

RESPONDING TO EMPLOYEE NEEDS

Like many other organizations, the Maricopa Community Colleges traditionally offered employees a fringe benefit package which was considered generous. The standardized package included choice of medical coverage, life insurance, disability insurance and dental coverage, in addition to participation in the state retirement program and worker's compensation. The college district paid fully for benefit coverage for all full-time employees and approximately 20 percent of dependent medical coverage. The employee paid the remaining amount for dependent coverage through payroll deduction. The plan was good, but faced with the rising cost of employee benefits, Maricopa Colleges' human resource planners thought there must be a better way to provide benefits to employees. They challenged a District Insurance Committee, composed of employee representatives from all seven colleges, to investigate innovative benefits plans. After careful research, study of public and private organizations and employee surveys, the Insurance Committee found they could offer a wider choice of benefits without increasing the employer costs by allowing employees to select the benefits they needed. The Insurance Commitee recommended a cafeteria benefits plan offering a menu of non-taxable benefits, taxable benefits and cash, which was pilot-

ed in 1981 at one college. Based on success of the pilot and a warm reception by employees who were becoming educated about the costs of fringe benefits, the Flex Benefit program went into effect in July 1982 for almost 2,000 full-time employees and retirees.

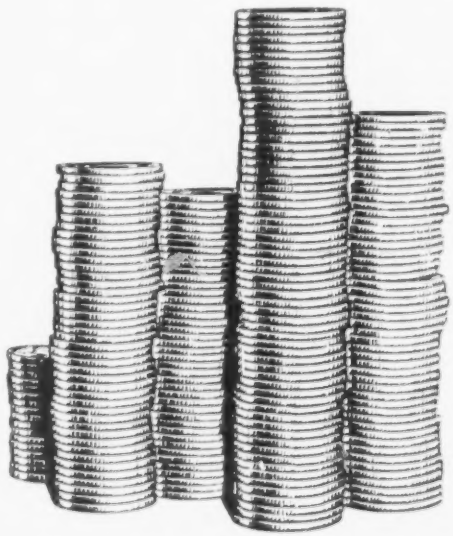
DESCRIBING CAFETERIA BENEFIT PLANS

Employers' interest nationwide in flexible compensation and benefits developed in the 1970s in response to the changing demographics of a diverse workforce. While the terms "flexible compensation" and "cafeteria" plans are sometimes used inter-changeably, the two concepts are not identical. Flexible compensation can involve deferred compensation, salary reduction agreements, spending or reimbursement accounts and other arrangements which go beyond the scope of a simple cafeteria benefit plan. The legal basis for cafeteria benefit plans was formed in Section 125 of the Internal Revenue Code by the Revenue Act of 1978. According to the act, under a cafeteria or flexible benefit plan, an employee may choose from a package of employer-provided fringe benefits, some of which may be taxable and others which may be non-taxable. The statutory definition of cafeteria plan included the following elements: a written plan, determined before contributions are made; participants who are "employees" or former employees (retirees); a choice among two or more benefits, taxable and non-taxable; and no provision for deferred compensation except under specific circumstances. The legislation and history of rulings on flexible compensation and cafeteria plans by the IRS are detailed and some decisions have not been made.

The Maricopa Community College District designed a simple cafeteria benefits plan with the name "Flex Benefits." Insurance and service providers were selected through a legal bidding process on regular cycle as in the traditional benefit program. The original Flex Benefit plan consisted of non-taxable benefits (like medical, accident and disability insurance), taxable benefits (life insurance above $50,000) and cash.

SPENDING FLEXIBILITY

The Flex Benefits plan offers an array of insurance and services to allow employees to select which benefits they want to purchase with "benefit dollars" provided by the community college district. The benefit dollars do not mean more money -- they mean more flexibility in spending this employer-allocated amount. Benefits credits are considered a fringe benefit, not a reduction in salary. The amount of the benefit dollars is determined through a "meet and confer" negotiation process for each of the employee categories in the Maricopa college system. The benefit credit amount in the first year of the program was based on the employer-paid cost of employee medical coverage plus approximately 20 percent of dependent health insurance. Inflationary increases in the cost of health insurance premiums and other coverages have set the basis for the yearly increases in benefits dollars, as determined by the two-year meet and confer cycle.



Employees may spend the benefit dollars on options in the benefits menu. If an employee selects only a few options, the unspent benefits dollars may be given back to the employee in each paycheck over the year. This increase in cash is taxable under IRS

rulings as additional income. If a full benefit package is selected and the cost of the premiums exceeds the allocated benefit dollars, an employee can opt to pay the difference through payroll deductions. The contributions made by an employee if the amount of benefit dollars is not sufficient is not treated as a salary reduction, but rather as a payroll deduction. This distinction is important in light of pending IRS legislation in regard to salary reduction agreements.

INTRODUCING THE CAFETERIA BENEFIT PLAN

Communication of the Flex Benefit plan continues to be the key to the success of the Human Resource program. In the initial year of the Flex Benefits plan, employee group meetings were held at each college to explain the cafeteria benefit concept. The major communication tools include a yearly Flex Benefits Handbook and a Flex Benefits Election Form which lists the benefits dollars as well as the benefit options and their accompanying premiums. In-house publications and college newsletters were used extensively to introduce the cafeteria benefit plan originally and they continue to be a major contributor in communicating yearly changes or updates in the benefit program. Employee input is achieved through representatives on the District Insurance Committee and decisions of the committee are communicated through minutes and articles in the organizational press. Employees are provided a computer printout benefit verification form which lists their benefit choices and accompanying costs.

In the third year of Flex Benefits, the revised benefits plan includes over 50 options within the categories of health insurance, life insurance up to $155,000, personal accident insurance, dependent life insurance, dental insurance, short-term disability coverage, vision care and a health evaluation service. Additionally, the community college district provides two core benefits -- $5,000 group term life insurance and long-term disability insurance at no charge to the employee. Tax shelter annuities and automobile insurance are available as payroll deduction programs, not as a formal part of the Flex Benefits program.

CHOOSING BENEFITS

In traditional benefit programs, employees receive benefit coverage for themselves and if needed, their families, when they begin employment, and no updates in coverage are necessary unless the employee's family status changes. Under the Flex Benefit plan, a new approach is taken -- employees select their benefits every year. Although this activity requires a great deal of administrative planning and staff time and record keeping, the annual enrollment allows the Flex Benefit plan to be responsive to changes in employee preferences and allows them to more efficiently spend their benefits dollars each year. Because the Maricopa Community Colleges fiscal year runs July 1 through June 30, the annual enrollment occurs before July 1 every year, usually in April.

PICKING UP THE CHECK

The operational budget of the seven-college Maricopa system is almost $91 million. Fringe benefits, including the Flex Benefit program, state retirement, worker's compensation, FICA and unemployement insurance, account for $12.6 million. Of that amount, approximately $4.5 million is directly attributable to Flex Benefits to serve almost 2,000 full-time employees and retirees.

In examining costs of providing benefits, the Maricopa Community Colleges do not spend more to provide benefits under the cafeteria plan than under a traditional benefit plan. The college district has in the past furnished a standard set of benefits at no cost to the employee, as well as a portion of dependent health insurance. Since this employer-provided amount increased out of necessity with increased insurance premiums, the cost involved in giving employees benefits dollars is the same. However, this money is now being used more efficiently to purchase benefits the employees want. Consider the example of dependant health coverage. If the college district increases the benefit package by $1,000 to cover this expense, it would relieve the employee of having to pay it out of pocket, which increases net disposable income by $1,000. Because of taxes, retirement funds or other deductions, this

same net $1,000 in new income might cost the institution $1,500 to $1,700 per employee in salary increases. The effect is the same; the cost is less.

WEIGHING THE PROS AND CONS

Administrative and staff costs are increased under a flexible benefit plan if it allows changes or activities each year which will take time and planning to implement. Technological costs for computer support or human resource systems may need to be considered. There may be additional costs involved in preparing promotional materials to explain the change in the benefit program. Overall, the costs incurred are reasonable to design an innovative human resources program to better serve the employee as customer.

The Flex Benefit plan no doubt meets individual employee need better, but the price is increased administrative attention. In deciding if a flexible benefit or cafeteria plan is feasible for a particular organization or public employer, the advantages and disadvantages must be considered.

Points to consider in studying the issue of flexible benefits or cafeteria plans are:

- organizational philosophy on serving employees;
- size and nature of the workforce;
- planning processes already in place which could generate goals and objectives for a flexible benefit program;
- communication modes within the organization to share information with employees and to get feedback;
- degree of employee input into planning processes;
- institutional stance on putting responsibility for benefit choices directly on the employee;
- level of trust between management and labor;
- employee satisfaction with current benefit program;
- budgeting and accounts payable systems to allow flexibility in fringe benefit area;
- budgeting policies to facilitate cash outs or payroll deduction processes;
- computer, automated or technological support available to human resource, personnel, or benefits department;
- legislation from the IRS and other sources concerning flexible benefits or cafeteria plans;
- ability to handle the record keeping involved in yearly or periodic changes in employee benefit selections;
- political climate (for public institutions, the ability to use tax dollars to fund creative, innovative programs for employees).

SERVING EMPLOYEES BETTER

Meeting employee need in light of limited funding in some institutions requires foresight and including employees themselves in planning the human resource programs designed to serve them. One of the best ways to increase employee purchasing power and morale is to allow individually tailored benefit plans. Flexible benefits do much for employees in providing equitable benefits, and they can ease the budgetary strain in years to come. Educating employees about fringe benefit cost and responsibility, coupled with instituting medical cost-containment measures, can ensure a responsive, successful flexible benefit program which can meet individual needs.

For more information on Flex Benefits or other human resource programs at the Maricopa Community Colleges, contact:

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Arizona Labor Force and Employment

December 1984 (in thousands)

	ARIZONA				
				-- Amt Change --	
	Dec.* 1984	Nov. 1984	Dec. 1983	Nov. to Dec.	1983 to 1984
TOTAL CIVILIAN LABOR FORCE	1481.6	1479.4	1406.5	+2.2	+75.1
Total Unemployment	64.6	60.3	95.1	+4.3	-30.5
Rate	4.4	4.1	6.8	---	---
Rate (Sea. Adj.)**	4.5	4.1	6.9	---	---
Total Employment	1417.0	1419.1	1311.4	-2.1	+105.6

THE ABOVE LABOR FORCE STATISTICS SHOULD NOT

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

TOTAL WAGE AND SALARY	1198.7	1189.4	1115.5	+9.3	+83.2
Manufacturing	175.0	174.8	161.7	+0.2	+13.3
Durable Goods	138.0	137.5	126.1	+0.5	+11.9
Stone, Clay and Glass	7.1	7.0	6.5	+0.1	+0.6
Primary and Fabricated Metals	16.3	16.3	14.3	+0.0	+2.0
Primary Metals	7.0	7.1	6.2	-0.1	+0.8
Fabricated Metals	9.3	9.2	8.1	+0.1	+1.2
Machinery	69.2	68.9	63.7	+0.3	+5.5
Other Durable Goods	45.4	45.3	41.6	+0.1	+3.8
Aircraft and Missiles	20.2	20.2	18.6	+0.0	+1.6
Lumber and Wood Products (Except Furniture)	7.0	7.0	6.9	+0.0	+0.1
All Other Durable Goods	18.2	18.1	16.1	+0.1	+2.1
Nondurable Goods	37.0	37.3	35.6	-0.3	+1.4
Food and Kindred Products	8.1	8.3	7.7	-0.2	+0.4
Apparel	5.1	5.1	5.6	+0.0	-0.5
Printing and Publishing	13.4	13.5	12.6	-0.1	+0.8
All Other Nondurable Goods	10.4	10.4	9.7	+0.0	+0.7
Mining and Quarrying	13.1	13.1	14.3	+0.0	-1.2
Copper Mining	10.1	10.1	11.4	+0.0	-1.3
Other Mining and Quarrying	3.0	3.0	2.9	+0.0	+0.1
Construction	95.7	96.4	82.2	-0.7	+13.5
Trans., Communications, and Public Utilities	61.4	60.7	58.0	+0.7	+3.4
Transportation	27.0	26.5	24.8	+0.5	+2.2
Communications and Public Utilities	34.4	34.2	33.2	+0.2	+1.2
Trade	293.2	287.1	271.4	+6.1	+21.8
Wholesale Trade	57.7	57.0	53.6	+0.7	+4.1
Retail Trade	235.5	230.1	217.8	+5.4	+17.7
General Merchandise and Apparel	43.4	40.8	40.5	+2.6	+2.9
Food Stores	37.5	36.8	34.4	+0.7	+3.1
Automotive and Service Stations	26.4	26.2	24.5	+0.2	+1.9
Eating and Drinking Places	79.2	78.7	74.4	+0.5	+4.8
Other Retail Trade	49.0	47.6	44.0	+1.4	+5.0
Finance, Insurance, and Real Estate	70.4	70.0	67.0	+0.4	+3.4
Services and Miscellaneous	268.0	266.5	247.5	+1.5	+20.5
Hotels and Other Lodging Places	28.3	28.0	25.3	+0.3	+3.0
Business Services	58.0	58.1	49.9	-0.1	+8.1
Health Services	68.2	67.6	65.9	+0.6	+2.3
Other Services	113.5	112.8	106.4	+0.7	+7.1
Government	221.9	220.8	213.4	+1.1	+8.5
Federal	40.0	39.9	39.1	+0.1	+0.9
State and Local	181.9	180.9	174.3	+1.0	+7.6
School	112.9	111.3	109.3	+1.6	+3.6

* Preliminary

** Normal seasonal variations have been eliminated to reflect underlying economic trends.

NOTE--Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment

December 1984 (in thousands)

MARICOPA COUNTY					PIMA COUNTY				
			-- Amt Change --					-- Amt Change --	
Dec.* 1984	Nov. 1984	Dec. 1983	Nov. to Dec.	1983 to 1984	Dec.* 1984	Nov. 1984	Dec. 1983	Nov. to Dec.	1983 to 1984
944.6	944.2	881.5	+0.4	+63.1	273.4	271.1	261.2	+2.3	+12.2
31.4	29.0	46.6	+2.4	-15.2	10.9	10.3	16.6	+0.6	-5.7
3.3	3.1	5.3	---	---	4.0	3.8	6.4	---	---
3.4	3.1	5.4	---	---	4.1	3.8	6.5	---	---
913.2	915.2	834.9	-2.0	+78.3	262.5	260.8	244.6	+1.7	+17.9

BE USED FOR ECONOMIC ASSISTANCE PROGRAMS.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

786.8	781.6	724.5	+5.2	+62.3	220.3	216.5	206.8	+3.8	+13.5
127.0	126.6	116.6	+0.4	+10.4	29.7	29.3	27.8	+0.4	+1.9
101.6	101.2	91.8	+0.4	+9.8	24.7	24.3	22.8	+0.4	+1.9
4.5	4.4	3.9	+0.1	+0.6					
10.5	10.5	9.2	+0.0	+1.3					
55.3	55.1	50.7	+0.2	+4.6					
31.3	31.2	28.0	+0.1	+3.3					
25.4	25.4	24.8	+0.0	+0.6	5.0	5.0	5.0	+0.0	+0.0
5.2	5.3	5.2	-0.1	+0.0					
2.8	2.8	3.2	+0.0	-0.4					
9.9	9.9	9.4	+0.0	+0.5					
7.5	7.4	7.0	+0.1	+0.5					
0.7	0.7	0.6	+0.0	+0.1	2.9	2.9	3.6	+0.0	-0.7
66.7	67.3	57.5	-0.6	+9.2	19.8	19.9	16.4	-0.1	+3.4
40.4	39.9	37.6	+0.5	+2.8	9.0	9.0	8.8	+0.0	+0.2
18.3	18.0	16.6	+0.3	+1.7	4.1	4.1	3.8	+0.0	+0.3
22.1	21.9	21.0	+0.2	+1.1	4.9	4.9	5.0	+0.0	-0.1
201.5	197.1	184.7	+4.4	+16.8	47.0	46.1	44.9	+0.9	+2.1
45.7	45.4	42.1	+0.3	+3.6	6.7	6.7	6.4	+0.0	+0.3
155.8	151.7	142.6	+4.1	+13.2	40.3	39.4	38.5	+0.9	+1.8
28.5	26.6	26.5	+1.9	+2.0	7.5	7.2	7.3	+0.3	+0.2
24.3	23.8	22.3	+0.5	+2.0	6.0	5.9	5.6	+0.1	+0.4
17.2	17.1	15.7	+0.1	+1.5	4.2	4.1	4.0	+0.1	+0.2
51.0	50.5	47.5	+0.5	+3.5	14.4	14.2	13.7	+0.2	+0.7
34.8	33.7	30.6	+1.1	+4.2	8.2	8.0	7.9	+0.2	+0.3
55.0	54.8	52.3	+0.2	+2.7	10.0	9.9	9.6	+0.1	+0.4
183.9	183.0	167.9	+0.9	+16.0	50.8	50.2	47.3	+0.6	+3.5
17.2	16.9	15.4	+0.3	+1.8	5.0	4.6	4.3	+0.4	+0.7
48.0	48.2	41.4	-0.2	+6.6	8.3	8.3	6.9	+0.0	+1.4
46.5	46.2	44.3	+0.3	+2.2	13.8	13.6	13.7	+0.2	+0.1
72.2	71.7	66.8	+0.5	+5.4	23.7	23.7	22.4	+0.0	+1.3
111.6	112.2	107.3	-0.6	+4.3	51.1	49.2	48.4	+1.9	+2.7

-- Prepared by Labor Market Information, Research and Analysis (CPS-MOD, 1/84)

NONMETROPOLITAN COUNTIES LABOR FORCE AND EMPLOYMENT
December 1984 (Preliminary)

	Apache	Cochise	Coconino	Gila	Graham	Green-lee	La Paz
TOTAL CIVILIAN LABOR FORCE*.	14,400	29,350	36,125	13,425	7,650	3,875	4,925
Total Unemployment	1,675	1,950	2,750	1,500	600	300	550
Rate	11.6%	6.6%	7.6%	11.2%	7.8%	7.7%	11.2%
Rate (Seas. Adj.)**. . . .	11.6%	6.6%	7.5%	11.1%	8.3%	7.7%	-INA-
Total Employment	12,725	27,400	33,375	11,925	7,050	3,575	4,375
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS							
TOTAL WAGE AND SALARY. . . .	13,075	22,150	31,125	9,600	4,450	3,150	2,500
Manufacturing.	750	1,600	2,625	1,200	125	325	100
Mining and Quarrying	50	325	50	1,625	75	1,700	0
Construction	1,075	1,000	1,200	500	125	75	50
Trans., Comm., & Pub. Util..	1,800	1,425	2,100	275	150	50	50
Trade.	1,050	4,650	7,300	1,800	1,225	350	800
Fin., Insur., & Real Estate.	175	625	600	225	125	25	100
Services and Miscellaneous .	3,175	2,575	6,975	1,525	700	100	700
Government	5,000	9,950	10,275	2,450	1,925	525	700

	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
TOTAL CIVILIAN LABOR FORCE*.	21,825	23,850	31,300	8,850	31,325	41,600
Total Unemployment	1,800	2,475	2,800	1,000	2,000	3,475
Rate	8.2%	10.4%	8.9%	11.3%	6.4%	8.4%
Rate (Seas. Adj.)**. . . .	8.2%	10.2%	9.4%	11.9%	6.1%	-INA-
Total Employment	20,025	21,375	28,500	7,850	29,325	38,125
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS						
TOTAL WAGE AND SALARY. . . .	15,250	16,575	23,975	7,875	17,550	24,250
Manufacturing.	2,100	1,800	2,975	925	2,075	1,800
Mining and Quarrying	250	1,075	3,825	25	525	50
Construction	975	625	625	225	1,000	1,650
Trans., Comm., & Pub. Util..	975	1,625	1,050	575	900	1,050
Trade.	4,350	2,925	4,200	3,425	4,625	8,000
Fin., Insur., & Real Estate.	750	275	750	225	725	800
Services and Miscellaneous .	2,750	3,850	2,150	1,075	3,250	4,400
Government	3,100	4,400	8,400	1,400	4,450	6,500

*Adjusted to the Current Population Survey (CPS) to reflect place of residence.
**Seasonal adjustment not applicable for economic assistance programs.

NOTE--Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

ARIZONA LABOR FORCE AND EMPLOYMENT FOR ECONOMIC ASSISTANCE PROGRAMS
October 1984 (Final)

County	Civilian Labor Force	Employment	Unemployment	Rate
Statewide	1,461,773	1,400,073	61,700	4.2%
Apache	14,310	12,836	1,474	10.3%
Cochise	29,080	27,396	1,684	5.8%
Coconino	36,758	34,570	2,188	6.0%
Gila	13,485	12,169	1,316	9.8%
Graham	7,552	6,962	590	7.8%
Greenlee	3,989	3,717	272	6.8%
La Paz	4,842	4,362	480	9.9%
Maricopa	929,764	899,928	29,836	3.2%
Mohave	22,303	20,697	1,606	7.2%
Navajo	23,872	21,918	1,954	8.2%
Pima	268,722	257,859	10,863	4.0%
Pinal	30,847	28,207	2,640	8.6%
Santa Cruz	8,768	7,403	1,365	15.6%
Yavapai	30,785	29,115	1,670	5.4%
Yuma	36,696	32,934	3,762	10.3%

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators. Note: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

ESTIMATED HOURS AND EARNINGS OF PRODUCTION WORKERS IN SELECTED INDUSTRIES IN ARIZONA
December 1984

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVG. HOURLY EARNINGS		
	DEC.* 1984	NOV. 1984	DEC. 1983	DEC.* 1984	NOV. 1984	DEC. 1983	DEC.* 1984	NOV. 1984	DEC. 1983
FOR THE STATE OF ARIZONA*									
Manufacturing	377.81	375.25	385.62	40.8	40.7	42.1	9.26	9.22	9.14
Aircraft & Missiles	INA	INA	566.40	INA	INA	47.2	INA	INA	12.00
Food & Kindred Products	294.84	292.16	325.51	40.5	38.8	41.1	7.28	7.53	7.92
Primary Metals	528.35	510.86	505.60	41.8	41.0	40.0	12.64	12.46	12.64
Machinery	333.66	320.80	347.66	40.2	40.1	41.2	8.30	8.00	8.42
Copper Mining	564.56	572.98	572.90	42.1	42.1	42.5	13.41	13.61	13.48
Construction	405.68	425.22	439.24	33.5	36.5	37.8	12.11	11.65	11.62
Utilities	598.98	598.98	544.32	44.8	44.8	44.8	13.37	13.37	12.15
Retail Trade**	228.74	236.38	207.26	34.5	35.6	32.6	6.63	6.64	6.35
Wholesale Trade	359.29	358.66	343.07	38.8	38.9	40.6	9.26	9.22	8.45

* Preliminary
** Excludes eating and drinking places.
NOTE--These estimates are based on a sample of full and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

--Prepared by Labor Market Information, Research and Analysis (1972 SIC, 1/84)

THE ARIZONA LABOR FORCE IN DECEMBER 1984

While the state's economy continued to expand in December, there are indications that the rate of growth has slowed. The unemployment rate in Arizona jumped from 4.1 to 4.5 percent last month, representing the largest one-month increase in the rate since July 1982. Increases were recorded in 13 of the 15 counties, while rapid growth in the trade sector resulted in lower unemployment for Yuma and Santa Cruz counties. The population of Arizona has grown to the point that the long-anticipated rise in unemployment has occurred. The unemployment rate is expected to go up during 1985 but should remain well below the levels observed during the recession two years ago.

Construction employment dipped by 700 from the record level of 96,400 registered in November. Much of the decline can be attributed to bad weather throughout the state during December rather than weakening market conditions. Many of the jobs lost were with painting, electrical and concrete subcontractors. Uncertainty generated by the prospect of new tax legislation and the future course of financial markets mey keep construction employment from expanding as rapidly in 1985 as it did in 1984, but the outlook for construction in the state remains strong.

Manufacturing employment reached a new record high in December and now stands at 175,000 workers. Nearly 500 jobs were created by Arizona's durable goods producers, but almost 300 jobs were eliminated in the non-durable sector. Most of the reductions were in seasonal food processing facilities in the southern part of the state. Although the high technology manufacturers in Arizona did not add workers as swiftly as they did earlier in the year, they have managed to avoid the massive layoffs seen recently in other states.

Trade activity in December produced mixed results. While retail trade employment continued to rise, the rate of increase was not unusual for this time of year in Arizona. Wholesale trade, however, showed genuine strength, with 700 workers added statewide, many of them in the border counties.

The service-producing sector of Arizona's economy continued to perform well, reflecting the strength seen in this category at the national level. Finance, insurance and real estate companies in the state have added workers steadily and accounted for nearly 400 new jobs in December. Payrolls at hotels and lodging establishments are growing rapidly, especially in the Phoenix and Tucson metropolitan areas. Resorts are opening their doors for business, and new resorts and commercial lodging facilities scheduled to open in the future promise to create even more employment opportunities during 1985.

Looking back, 1984 was a banner year for the economy of Arizona. By November, the last month for which comparative statistics are available, Arizona's unemployment rate was the fourth-lowest in the country, ranking behind Massachusetts, New Hampshire and Vermont. About 100,000 jobs were created during a year when the state's copper industry suffered major setbacks. The Arizona labor force will continue to expand in 1985, but unemployment may rise as job creation proceeds at a slower rate. All in all, the outlook for Arizona is generally bright.

AFDC IN ARIZONA: HOW DO WE COMPARE?

Aid to Families with Dependent Children (AFDC) was established in 1935 by the Social Security Act. The program makes cash payments to needy children as well as to the parent(s), relatives or guardians with whom the child is living who might also be in need. These payments are financed jointly by the federal government and the states. The benefit levels are set by the individual states and are based upon the income, assets and family size of the household. Because each state has some flexibility in setting benefit amounts, there are some disparities among states. How Arizona's benefit level compares to other states is discussed below. Also compared are characteristics such as recipient growth rates, expenditure growth rates and the percent of population receiving AFDC.

In 1982, the latest year for which comparable data are available, an average $4.24 million in AFDC benefits were paid to nearly 62,000 people every month in Arizona. This comes out to $68.45 a month to each recipient, ranking Arizona 41st among the 50 states and the District of Columbia. Nationally, the average monthly payment per recipient was $105.03, with Alaska paying the greatest amount ($220.13) and Mississippi the lowest ($30.79). In fact, between 1979 and 1982, Arizona consistently paid between $30 and $40 less per month than the national average.

Although our state paid below-average benefits, our total expenditure growth rate was well above the national average. In 1982, while the nation as a whole spent 0.7 percent less on AFDC, Arizona's total expenditures grew by 15.6 percent, the highest growth rate in the nation. During the same time period when expenditures were rising rapidly, the total number of recipients was

Avg. Monthly Payment/Recipient

	U.S.	AZ	
1979	$ 90.61	$56.25	(43)
1980	$ 97.57	$62.25	(43)
1981	$ 98.70	$58.33	(43)
1982	$105.03	$68.45	(41)

Avg. Monthly Pct. of Pop. Receiving AFDC

U.S.	AZ	
4.5%	1.9%	(49)
4.7%	2.0%	(49)
4.7%	2.2%	(47)
4.4%	2.1%	(45)

Annual Recipient Growth Rate

	U.S.	AZ	
1980	4.7%	9.7%	(13)
1981	2.8%	17.4%	(1)
1982	-6.7%	-1.5%	(5)

Annual Expenditure Growth Rate

U.S.	AZ	
12.8%	21.4%	(6)
4.0%	10.0%	(12)
-0.7%	15.6%	(1)

Annual Avg. Payment/Recipient Growth Rate

	U.S.	AZ	
1980	7.7%	10.6%	(9)
1981	1.2%	-6.3%	(50)
1982	6.4%	17.4%	(3)

Arizona's ranking from highest to lowest in parentheses.

also expanding quickly. In 1980, 1981 and 1982 Arizona's recipient growth rate ranked 13th, 1st and 5th, respectively, well above the national average. Because both the number of recipients and expenditures were rising rapidly, the increase in the monthly benefit was only $12.20 between 1979 and 1982. Although benefits increased approximately 21 percent in those four years, once inflation is taken into account, they actually declined by 9 percent in real terms.

One factor that might be playing a role in causing the number of recipients in Arizona to rise faster than the national average is our state's strong population growth. In the late 1970s and early 1980s, Arizona's population grew three times faster than the country as a whole. Even though we have been near the top in recipient growth rate, the proportion of the state's population receiving AFDC has remained near the bottom. In 1979, approximately 1.9 percent of Arizonans received AFDC in a given month; this ranked Arizona 49th nationally and was less than the national average of 4.5 percent receiving AFDC per month . By 1982, even with the high recipient growth rates, only 2.1 percent of Arizonans received AFDC per month, ranking the state 45th, still less than half the national average of 4.4 percent. Nationally, Wyoming and Nevada consistently had the lowest proportion of population receiving AFDC, around 1.4 percent, while our nation's capital, Washington D. C., ranked number one with between 10 and 13 percent of the population receiving AFDC benefits.

From the statistics presented above, it is clear that Arizona has consistantly had relatively low AFDC payments. Furthermore, because of our state's low average monthly benefit amount, it is doubtful that people are moving to the state to collect AFDC. Likewise, the rapid increase in the number of AFDC recipients has not been out of line with the state's overall population growth, as illustrated by the relatively stable ratio of recipients to population. Finally, while Arizona has made efforts to increase the benefit amount it pays, the gains that were made have been eroded by inflation.

David Sinclair

NEW DEVELOPMENTS

Construction - Construction has begun on the first phase of a $35 million complex at 24th Street and Highland in Phoenix. Phase I will consist of two four-story buildings on five acres. Plans for Phase II are not yet finalized. The site is the former location of the DeVry Institute of Technology which has moved into new quarters at 2149 West Dunlap Road.

Manufacturing - Penn Athletic Products, the nation's largest maker of tennis balls and racquetballs, is moving its headquarters from Monroeville, Pennsylvania, to Phoenix. The headquarters building, set for completion in April 1985, is being built next to the company's production plant and R & R facility in the 43rd Avenue Industrial Park. Nine key staff members will make the move to Phoenix. The company will be hiring between 20 and 25 administrative personnel beginning this month.

Hughes Aircraft Co., which is already Tucson's largest industrial employer, plans to hire about 500 people in early 1985. Most of the positions are for electromechanical assemblers, with a minimum of six months industrial soldering experience required or certification from a recognized training program. Salary is to start at $4.50 per hour. The hirings will bring the total number of people employed in the Tucson missile manufacturing plant to about 7,000. Additional workers probably will be hired later in 1985.

Mining - Phelps Dodge Corp. has closed its Morenci smelter, affecting some 450 hourly workers who were hired after 13 unions went on strike in July 1983. The company is accomplishing the closure with a combination of layoffs, early retirements and shifts to other company operations. The cost of complying with federal clean air laws has been

cited by company spokesmen as the reason for the shutdown. Prior to the closure, Phelps Dodge employed about 1,850 people at the complex, including about 1,400 hourly workers.

Finance - Pima Savings & Loan Association, with headquarters in Tucson, plans to open 15 branches in the Valley in the next five years. The S&L has 23 other offices, most of them in southern Arizona.

Los Angeles-based First Interstate Bank of California plans to cut as many as 875 jobs, or about 7 percent of its California work force. A spokesman for First Interstate Bank of Arizona, which is affiliated with First Interstate Bancorp but operates independently, has stated that the California reductions will not affect the Arizona bank and that First Interstate of Arizona anticipates additions to its staff this year.

Hotels - American Continental Corp. has purchased the Phoenician Golf and Racquet Club for $20 million and plans to build a massive $150 million resort hotel on the site. In addition, the Phoenix-based home builder has announced plans to build two other hotels -- a 300-room business traveler's hotel in Phoenix which should be complete by Christmas 1986, and a 125-room luxury inn in Tucson set for completion, in mid-1986. Construction on the Phoenician project will begin this summer, with completion expected in time for the 1986 winter season.

Government - The city of Tucson has been accepting applications for 75 to 100 jobs that will become available over a two-year period for garbage collectors, street maintenance workers, groundskeepers and utility service workers. Applications for the jobs originally totalled 3,500; about 850 passed the written test and appeared for the second phase of testing.

Education - The business school at Arizona State University has received a $500,000 grant to form the "Hahn Center for Entrepeneurship." The center will give students hands-on experience in forming their own businesses as well as provide services to individuals in the community seeking entrepeneurial help. A similar center was created last year at the University of Arizona with a grant from Karl Eller, chairman of the Circle K Corp.

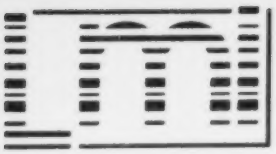
A community-college advisory board has recommended the establishment of a nontraditional "community college without walls" in Coconino County. The board supports a form of college that "uses available resources -- business and industry, agencies, public-educational entities -- on a contract basis for services and facilities." Coconino is among five counties in the state that do not have community colleges.

Construction Workshop - A free workshop for minority contractors in the Phoenix area will be held February 15-16. Sponsored by Miller Brewing Co. and a group of community agencies, the two-part workshop is designed to help minorities and economically and socially disadvantaged contractors qualify for construction projects. Registration for the seminar is required and can be made by calling Rick Ponce at 261-8748.

Unemployment Insurance - Arizona employers began paying lower UI taxes effective January 1 due to the state's healthy economy and low unemployment rate. The tax, which is based on an employer's payroll, is used by the state to pay unemployment benefits. The 1.83 percent tax rate, down from 1.88 percent, puts Arizona among the states with the lowest tax rates.

Layoffs - Kroy Inc., a Scottsdale-based graphics firm that nearly halved its Midwest manufacturing force December 3, has also laid off about 30 engineering and administrative workers at its Scottsdale facility. Kroy blamed the cutbacks on lower sales and earnings in the last several quarters.

Gates Learjet Corp. has laid off more employees at its Tucson factory where about 400 workers were terminated last fall. Approximately 60 salaried and hourly employees were furloughed, chiefly in the finance, payroll and personnel departments. Few production workers were affected in this round of layoffs.



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